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Product Brief

Seafood

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Report Highlights:

The market for seafood in Singapore is about 67,000 metric tons, of which more than 90 percent is imported. The bulk of demand is for warm water fish. The hotel-restaurant industry requires coldwater fish and seafood. Major suppliers of coldwater fish and seafood include Australia, New Zealand, Norway, Japan and United States.

Includes PSD changes: No
Includes Trade Matrix: No
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1. Singapore in profile

Singapore (population of 4 million) is one of the most affluent nations in Asia with a GDP per-capita of about US\$20,100 today. About 21% of the population are aged 15 years and below, which represents a sizeable pool of future consumers who will be an important driver for increased consumption of imported food and beverages in future.

Over 76% of its population make up the middle to upper income group of consumers, all of whom lead an urban lifestyle and represent the bulk of the market for imported food and beverages today.

Singapore is generally recognised as Southeast Asia's main distribution hub. The facilities offered by its excellent airport and seaport have encouraged a large number of businesses, including food and ingredient suppliers and importers, to operate re-export businesses from Singapore targeting regional markets in Asia, particularly the neighbouring ASEAN countries.

Until recently, Singapore's economy has been growing in excess of 8% per annum, based mainly on its strong export manufacturing and financial and business service sectors. In 2000, Singapore reported annual GDP growth of about 9.9%, up from 5.5% in 1999. Since early 2001, the economy has been slowing down as Singapore was amongst those countries hardest hit by the effects of the slowdown in the global IT demand and from overall economic slowdown faced by the USA, European Union and Japan. As a result, the government is now forecasting a recession in 2001.

2. Market overview

Singaporeans have a natural love for fish and seafood. It is one of the most popular food products consumed in Singapore. Per capita consumption amounted to around 16 kilograms in 2000, down from 20 kilograms in 1996. Consumption has slowly been declining, due mainly to the increased retail price of fish to the consumers over the past five years.

Singapore's import of fish and seafood in 2000 amounted to 61,819 tonnes (net of re-exports) while local catch and farmed fish and seafood amounted to only 5,317 tonnes. The CIF value of gross imports amounted to US\$335 million in 2000.

80% of the total demand is for warmwater fish. The major countries that supply warmwater fish and seafood products to Singapore are the neighbouring countries of Malaysia, Indonesia, Thailand and Vietnam. Countries that supply coldwater fish include Australia, New Zealand, Norway, Japan, and Taiwan.

3. Market sector opportunities and threats

Advantages	Challenges
Singaporeans have a natural love for fish and seafood. It is one of the most popular food products consumed in Singapore.	Lack of information and understanding about the types of US fish and seafood. Both importers and retailers have little/no knowledge about US fish and seafood types and availability.
Exotic live, fresh and chilled fish and seafood, such as salmon, abalone, lobsters, oysters, scallops, Dungeness crabs, geoduck and alike, are demanded by the high income consumers.	Consumers do not know how to prepare/cook coldwater fish and importers generally do not have knowledge about coldwater fish. For this reason, both consumers and importers will not risk buying coldwater fish.
Singapore imports over 90% of its domestic demand for fish and seafood, totaling 61,819 tonnes in 2000. About 20% of total imports are for coldwater fish.	Freight costs from the USA could prove prohibitive to importer when compared to nearer sources such as Australia or New Zealand.

3.1 Market size, structure and trends

The market is made up of around 62,000 tonnes (net) of imported live, fresh, chilled and frozen fish and seafood products and around 5,000 tonnes of local catch and farmed fish and seafood. Singapore also exports large quantities of fish and seafood products. In 2000, around 96,000 tonnes were exported, this included locally farmed fish and local catch as well as imported fish which has been further processed in Singapore for export markets.

3.1.1 Local catch and farmed fish and seafood

The volume of local catch and farmed fish and seafood is very low, consisting of local catch and small quantities produced by local fish farms. Local catch and farmed fish and seafood only forms about 8 % by volume of the total market demand for live, fresh, chilled and frozen fish and seafood products. There are currently 88 licenced marine farms covering 55.5 hectares of coastal waters and deep sea.

The Table below shows the quantities of local catch and farmed fish and seafood for the five years to 2000.

Local Catch and Farmed Fish and Seafood (Tonnes)					
	1996	1997	1998	1999	2000
Fish supply*	13,129	13,049	11,030	6,489	5,371
*: Data includes aquaculture production but excludes dried, salted and fish in brine.					
Source: Primary Production Department					

Local fish catch originates from warm waters around Singapore, stretching from the Indian Ocean to the South China Sea and the western parts of the Pacific Ocean close to Southeast Asia.

Local farms produced some 3,870 tonnes of fish in 2000. High value marine finfish like groupers, seabass, golden snapper, milkfish and Pompano are cultured for the live fish markets and supermarkets. Some shellfish such as green mussels, mangrove crab, Tiger shrimps and Banana shrimps are also produced by local farms.

The fish farming sector has been seeing a decline in production over the past five years as Singapore is becoming too expensive as a base for such farming. This decline is expected to continue into the future.

3.1.2 Import market size

Imports form about 92 % by volume of total demand for live, fresh, chilled and frozen fish and seafood products. The Table below provides details of the quantities and types of fish and seafood imported into Singapore during the five years to 2000.

Fish and Seafood Imports (Tonnes)					
	1996	1997	1998	1999	2000
Marine fish	62,002	56,318	45,000	56,528	54,133
Freshwater fish	2,522	2,225	2,197	2,411	2,630
Tuna frozen	43,657	43,071	30,441	26,988	26,208
Fish fillet frozen	5,097	6,585	6,938	8,642	8,944
Fish smoked	299	250	193	447	197
Prawns & shrimps	17,445	16,716	14,921	13,871	14,091
Other crustaceans	4,024	5,061	3,693	4,183	4,757
Other molluscs	6,986	8,548	7,020	9,364	9,052
Total imports (Tonnes)	142,032	138,774	110,403	122,434	120,012

Total re-exports (Tonnes)	79,520	69,712	73,933	58,850	58,193
Net imports (Tonnes)	62,512	69,062	36,470	63,584	61,819
Total import value (US\$ million)	309	328	263	274	335
Note: The above statistics include both warmwater and coldwater fish. The Singapore Dollar has been converted to the US Dollar using the exchange rate of US\$1.00 : S\$1.75 Source: Department of Statistics					

Trade sources comment that demand for fish and seafood will likely decline in the short term due to the negative impact on Singapore's economy from the slowdown in the current world economy. Demand is also likely to decline very slowly over the longer term unless impetus is given to better marketing and distribution of fish and seafood to Singaporean consumers. This would mean local businesses addressing the challenges of price, quality, convenience as well as through introduction of new products to generate new interest in fish and seafood.

In addition to the above, trade sources also comment that Singapore's position as an exporter of basic and higher processed fish and seafood is gradually coming under threat from other less expensive export locations in South East Asia. Domestic export of fish and seafood, excluding tuna, have been decline at over 7% per annum since the mid-1990s.

3.1.3 Demand for live, fresh, chilled and frozen fish and seafood products

The bulk of the domestic demand (80%) is for warmwater fish. Popular local fish and seafood products include Salar, Batang (Spanish mackerel), Sea Bream, Song Fish, Telapia, prawns and shrimps, mud crabs and alike.

Coldwater fish and seafood imports form about 20% of domestic demand. Imported coldwater fish and seafood include salmon, tuna, swordfish, mackerel, trout, dover sole, cod, halibut, lobsters, abalone, oysters, scallops and geoduck. Local consumers from the high income group are the main targets for imported exotic seafood such as lobsters, abalone, scallops, oysters, scallops and geoduck. Coldwater finfish are generally not understood by local consumers.

The bulk of demand for coldwater fish and seafood is from:

1. High end specialist Chinese fish and seafood restaurants which have demands for a wide variety of exotic live, fresh and chilled products such as lobsters, abalone, oysters, scallops, clams, crabs and geoduck.
2. High end western restaurants and high end hotels have a demand for premium fresh, chilled or frozen products, such salmon, cod, Dover sole, halibut as well as oysters, scallops, clams,

lobsters, crabs and alike. Most salmon imports (fresh, chilled, frozen and smoked) are distributed to these restaurants and hotels.

3. Fish and seafood processing sector. There are currently 93 fish processing establishments involved in the manufacture fishery products for the domestic market and 8 establishments approved for export to the EU markets. This sector is made up of:

- Fish and seafood processing companies involved in surimi-based seafood production, e.g. fish ball, fish cake, Chikuwa, seastick, etc. This industry sector produces 22,000 tonnes of surimi-based products, valued at about S\$66 million (US\$37.7 million) annually. About 80% of production is for the domestic market. These companies have a high demand for price competitive surimi fish meat.
- The fish and seafood processing companies that are involved in value-added activities such as production of breaded and battered portions, portion cutting and/or freezing of fish and seafood products. Around 80% of production is for the export markets. This industry sector demands high volumes of local fish and seafood products and low volumes of very price-competitive cold water fish and seafood. Coldwater fish and seafood demand includes swordfish, tuna, mackerel, cod, halibut and scallop.

Demand for premium fish and seafood products by the high end food service sector increases over the peak wedding season, (which usually falls on the eighth lunar month) and festive seasons such as the Chinese New Year celebrations when exotic fish and seafood dishes are in demand. Trade sources comment that wedding banquets can use between 30,000 and 50,000 fish per week during the peak season. Birthday celebrations, Mother's Day celebration and other special occasions also call for expensive fish and seafood dishes to be included in the menu.

3.2 Competition

The bulk of imported warmwater fish and seafood is mainly sourced from neighbouring ASEAN countries such as Malaysia, Indonesia, Thailand and Vietnam. Other major supply sources include India and Myanmar.

The major supply sources, and USA's major competitors, for coldwater fish and seafood products include:

- Australia - marine fish, prawns and shrimps, crustaceans, molluscs.
- New Zealand - frozen marine fish, frozen fillet, molluscs.
- Taiwan - tuna.
- Japan - frozen marine fish, frozen tuna, frozen fish fillet.
- Norway - marine fish, fish fillets, smoked salmon.

Australia is the most popular source of live, fresh or chilled exotic seafood products such as lobsters, abalone, oysters, scallops, clams, crabs and prawns while New Zealand is popular for abalone and

mussels. Norway is the preferred source for salmon, fresh, chilled, frozen or smoked. These products have created a major presence in the market through extensive marketing campaigns performed by them. In addition, these countries are well known for their clean and unpolluted waters.

The USA was a negligible supplier of coldwater fish and seafood in 2000.

3.3 Distribution channels

Live, fresh, chilled and frozen fish and seafood products are imported by local importers for distribution to retail and food service outlets throughout Singapore. Live, fresh and chilled products are commonly air-freighted into Singapore. Major supermarket chains, such as NTUC Fairprice, import directly from overseas suppliers for distribution to their outlets. Some larger specialist fish and seafood restaurants also buy directly from overseas suppliers if certain premium products are not readily available from local importers, particularly over festive seasons.

Fish and seafood products are distributed to:

- Supermarkets, largely local and some coldwater fish and seafood products.
- Wet markets, largely local fish and seafood products.
- Food service outlets, including cooked food centres, restaurants and hotels. Demand for fish and seafood variety depends on their target consumers. The high-end Chinese seafood restaurants and high-end hotel restaurants are the main channel for imported coldwater fish and seafood products.
- Fish and seafood processing companies, mainly involved in surimi-based seafood production, e.g. fish ball, fish cake, Chikuwa, seastick, etc. They target both the local and export markets.
- Fish and seafood processing companies that are involved in value-added activities such as portion cutting and/or freezing of fish and seafood products such as scallop, live fish, etc. They target the local as well as export markets.

3.4 Entry strategy

US fish and seafood exporters should seriously consider the following before entering the market:

- Price competitiveness of the US fish and seafood compared to similar fish or seafood from other major suppliers.
- The level of promotion and consumer/importer/retailer education necessary for successful long term presence in the market.
- US fish and seafood which can be promoted as exotic fish and seafood targeted at the high income consumers (abalone, oysters, lobsters, scallops, geoduck, exotic clams and crabs), particularly for the Chinese New Year festive season.
- Working closely with the major supermarket chains, such as NTUC Fairprice, for direct

- import by them for sale to their middle to high income consumers.
- US fish and seafood which can easily fit into local food culture.
- US fish and seafood which provides convenience for customers.
- Ability to meet importers' purchasing requirements (credit terms, order size, delivery lead time) and fish and seafood specifications.

4. Costs and prices

a) Import duties and taxes

Singapore does not impose any duty on the import of fish and seafood products. A Goods and Services Tax (GST) of 3%, however, is imposed on the importation of goods into Singapore on the CIF (Cost, Insurance, Freight) value of the goods.

b) Distribution costs

The major supermarkets in Singapore now impose listing fees on most items they carry and non-performing items can be delisted without recourse after a period of between 3 and 6 months. For example, some major supermarket chains charge a listing fee of between S\$2,000 (US\$1,715) and S\$5,000 (US\$2,857) per SKU (Stock Keeping Unit). The supermarkets will also set targets for stock movements for the items listed with them.

The markup along the distribution chain can be between 10% to 30%. The high-end fish and seafood products control a higher markup whilst the low-end fish and seafood products command a lower markup.

The following table provides information on the type of costs that might be incurred in the distribution channel from port of entry to the end consumer.

Cost	Rates	Comments
Import Duty	Nil	No Import Duty for Fish and seafood products.
Goods and Services Tax	3%	Calculated based on the CIF value of the goods.
Importers' handling charge	Varies from percentage based charges to charges levied on a per carton basis.	These charges are generally negotiable and will be lower for products which turnover fast and so incur less storage charges.

Importers' margin	20% to 30%	Singapore's importers are usually involved in product distribution and so are unlikely to work for less than these margins. Margins are negotiable so lower rates may be possible.
Retailers' margin	10% to 20%	Some high end retailers aim to make as much as 50% in margins on premium and speciality foodstuffs.

In addition to above, trade sources comment that hotels seek a margin of between 15% to 25%.

5. Market access

a) Import regulations

When food enters Singapore, companies must submit proper documentation to the Controller of Imports and Exports. An inward cargo manifest must be submitted to the Customs within 24 hours of the arrival of the carrier. All declarations are required to be submitted and approved electronically through the EDI network called the TradeNet System.

Every consignment of fish and seafood products imported is required to be approved by the Agri-food Veterinary Authority of Singapore (AVA). It is responsible for regulating the imports of such products into Singapore.

The importer must be licenced to import fish and seafood products. The importer must also be registered under the Business Registration Act or incorporated under the Companies Act to be eligible to apply for registration or license to import such products. All imported fish and seafood products are subject to inspection. The consignment may be samples by the AVA for laboratory testing.

The following are strictly prohibited from import into Singapore:

- Chilled raw blood cockle meat.
- Chilled crab (including chilled crab claws).
- Chilled cooked prawns/shrimps.
- Chilled raw shucked oysters or chilled raw oyster meat.

Every consignment of high risk seafood (includes frozen raw oyster, frozen raw blood cockle meat, frozen cooked prawn/shrimp and frozen crab meat) will be detained for inspection and testing. Prior to import, permission must be obtained from the Fisheries Division, AVA. The seafood must comply with the bacteriological guidelines laid down by the AVA. Every consignment must be accompanied by a Health Certificate issued by the relevant government authority of the country of origin stating that:

- the seafood were harvested from approved waters and processed in an approved

- establishment/plant in a sanitary and hygienic manner.
- the seafood have not been treated with chemical preservatives or other additives injurious to health, and
- the product is fit for human consumption.

In addition, the Health Certificate must contain a description of the product and packaging (including brand/trade mark), quantity by weight, name and address of the processing establishment, name and address of the harvesting area, date of harvesting or freezing, name and address of consignor and consignee.

b) Food regulations

Fish and seafood is covered by the Fisheries Act and the Wholesome Meat and Fish Act.

The Fisheries Act is in place for the protection and conservation of fisheries, and to make provision for the control of fishing, the control of the marketing and distribution of fish and the use and control of fishing ports and harbours, for measures pertaining to the general welfare and improvement of the fishing industry in Singapore and purposes incidental thereto.

The Wholesome Meat and Fish Act is in place to regulate the import, export and transshipment of meat, fish, slaughter of food animals, processing and sale of meat and fish for human consumption.

6. Key contacts

Agri-Food and Veterinary Authority of Singapore

Import Control Section

5 Maxwell Road, #03-00

Tower Block, MND Complex

Singapore 069110

Tel: (+65) 222 1211

Fax: (+65) 220 6068

Website address : www.ava.gov.sg

Activity: Regulatory body covering meat, poultry, fish, seafood, fruits and vegetables.

Trade Development Board

Singapore Government

230 Victoria Street, #07-00

Bugis Junction Office Tower

Singapore 188024

Tel: (+65) 337 6628

Fax: (+65) 337 6898

Website address: www.tdb.gov.sg

Activities: Controls import documentation system

Seafood Industries Association of Singapore

68 Lorong 16 Geylang #03-01

Singapore 389889

Tel: (+65) 846 9159

Fax: (+65) 846 4929

President: Mr Wong Peng Hock

Activities: Trade association of companies who import, re-process and then re-export fish and seafood products.

The Singapore General Fish Merchants Association

35 Fishery Port Road

413 Fish Merchant Building

Singapore 619742

Tel: (+65) 265 0051

Fax: (+65) 265 6285

President: Mr Lee Boon Cheow

Activities: Trade association of companies who are importers of seafood for the local market and do not re-export.

END OF REPORT